

REVISED ANALYSIS

Author: Monteith Analyst: Kimberly Pantoja Bill Number: SB 1526
Related Bills: None Telephone: 845-4786 Original Date: 02/10/98
Attorney: Doug Bramhall Sponsor: _____

SUBJECT: Personal Income Tax Standard Deduction/Double Amount for Taxable Years On or After January 1, 1998

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

☒ DEPARTMENT POSITION CHANGED TO No Position.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 10, 1998 STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL), this bill would double the amount of the standard deduction used in computing income subject to tax.

SUMMARY OF REVISION

This revenue estimate has been revised to reflect the correct fiscal year split.

With the exception of the revenue and position change, the department's prior analysis of the bill as introduced February 10, 1998, still applies.

FISCAL IMPACT

Tax Revenue Estimate

Revenue losses are estimated to be (assuming enactment at the earliest mid-year 1998):

DEPARTMENTS THAT MAY BE AFFECTED:

___ STATE MANDATE

___ GOVERNOR'S APPOINTMENT

Board Position:

___ S ___ O
___ SA ___ OUA
___ N ___ X NP
___ NA ___ NAR
___ PENDING

Agency Secretary Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
DEFER TO _____

GOVERNOR'S OFFICE USE

Position Approved ___
Position Disapproved ___
Position Noted ___

Legislative Director Date
Gerald H. Goldberg 4/13/98

Agency Secretary Date

By: Date:

Estimated Revenue Impact SB 1526		
For Taxable Years Beginning 1/1/98		
Enactment After 6/30/98		
(In Millions)		
1998	1999	2000
(\$930)	(\$955)	(\$1,010)
Revenue Impact by Fiscal Years		
(In Millions)		
1998-9	1999-0	2000-01
(\$1,360)	(\$980)	(\$1,040)

This analysis does not consider the possible changes in employment, personal income, or gross state product that could result from this proposal.

Tax Revenue Discussion

This is a revision of the previous estimate of the bill as introduced February 10, 1998. In determining the fiscal year impact, the original estimate attributed 60% rather than 45% for the acceleration of the first half of the 1999 liability impact. This estimate reflects a 45% - 55% split for 1998-9 and subsequent fiscal years. Other than the above change, the previous analysis of the bill as introduced still applies.

POSITION

At its March 26, 1998, meeting the Franchise Tax Board considered this bill but took no position. Julie Bornstein, on behalf of Controller Kathleen Connell was neutral, Member Dean Andal was in support, and Robin J. Dezember, on behalf of Member Craig L. Brown, abstained.